

What does the commercial and Semi-Commercial products market ask of newspaper printers?

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Agenda

- Why Semi-Commercial printing?
- What are Semi-Commercial products?
- Market insights on Semi-Commercial printing
- All press manufacturers offer Semi-Commercial printing solutions
- Statements of press suppliers
- Expectations with regard to Semi-Commercial products
- Future prospects for Semi-Commercial printing

Why Semi-Commercial printing?

- To make use of daytime capacity by printing in addition to routine newspaper production at night
- To be able to react flexible on customer requests
- To be able to offer new design possibilities to advertising customers
- . . . on different paper grades
- Heatset printing provides many benefits
 - Including better colour quality on standard and enhanced newsprint grades

What are Semi-Commercial products?

- Inserts
- Magazines
- Directories
- Special advertisements
- Flyers
- Comics
- Supplements
- Company newspapers
- Other newspaper-like products



Market insights on Semi-Commercial printing

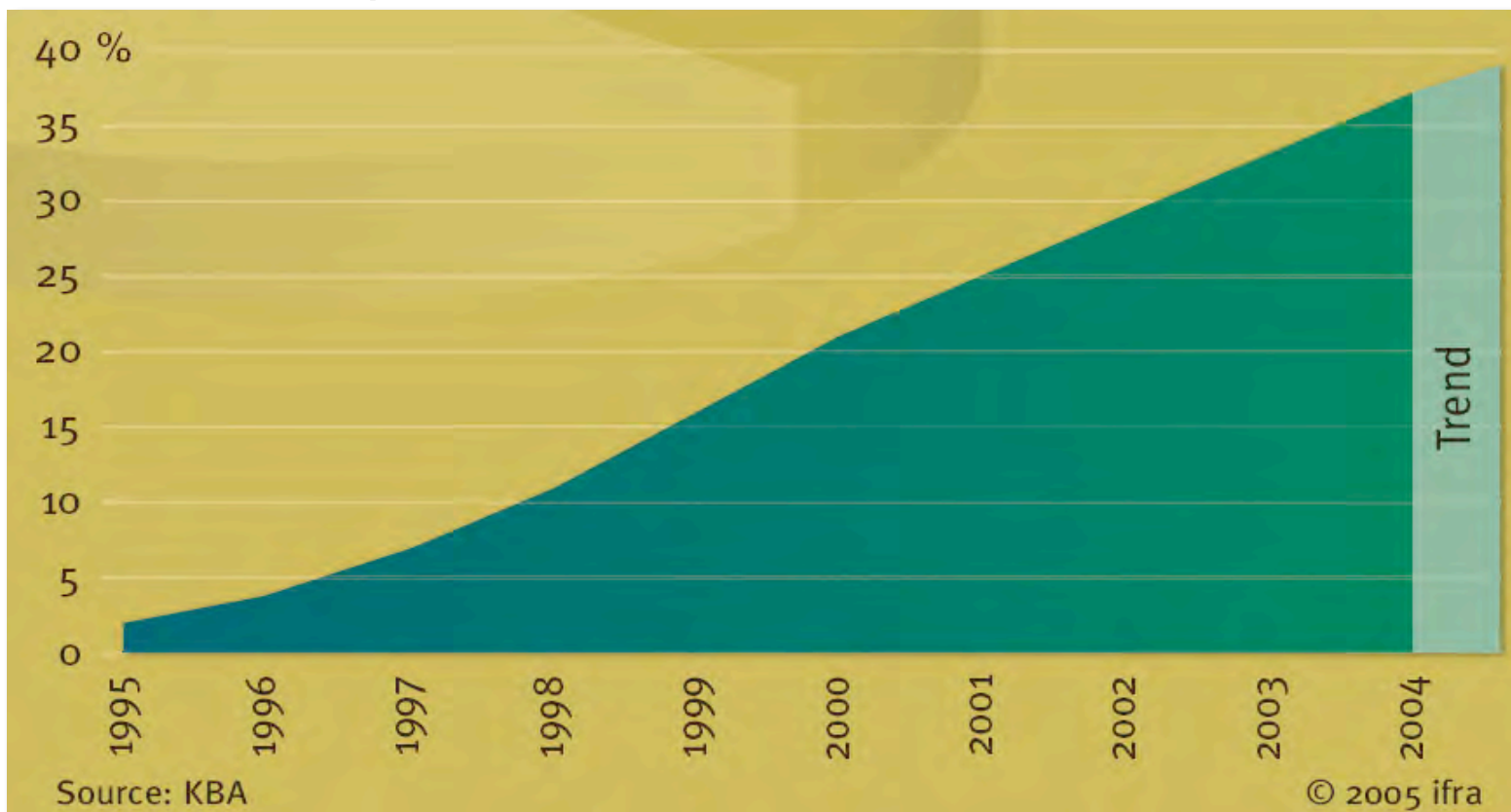
- In 2002 about 36% of US newspapers produced some form of commercial jobs, generating \$1.75 billion in revenue*
- At the same time, US newspapers purchased \$2.4 billion in print work from commercial sources-work*
- In 2003, 25% of single width presses sold were equipped with heat dryers**
- Another 25% were prepared to add dryers later on**

*Source: U.S. Dept. of Commerce

** Source: PrintCity Weblines Newsletter (04/2003)

Market insights on Semi-Commercial printing

- Market share of newspaper presses equipped with heatset capabilities for Semi-Commercial



All press manufacturers offer Semi-Commercial printing solutions

- Cerutti
- Goss
- KBA
- MAN Roland
- Mitsubishi
- Tensor
- TKS
- The Printers House
- Web Press Corp.

Source: Company web sites

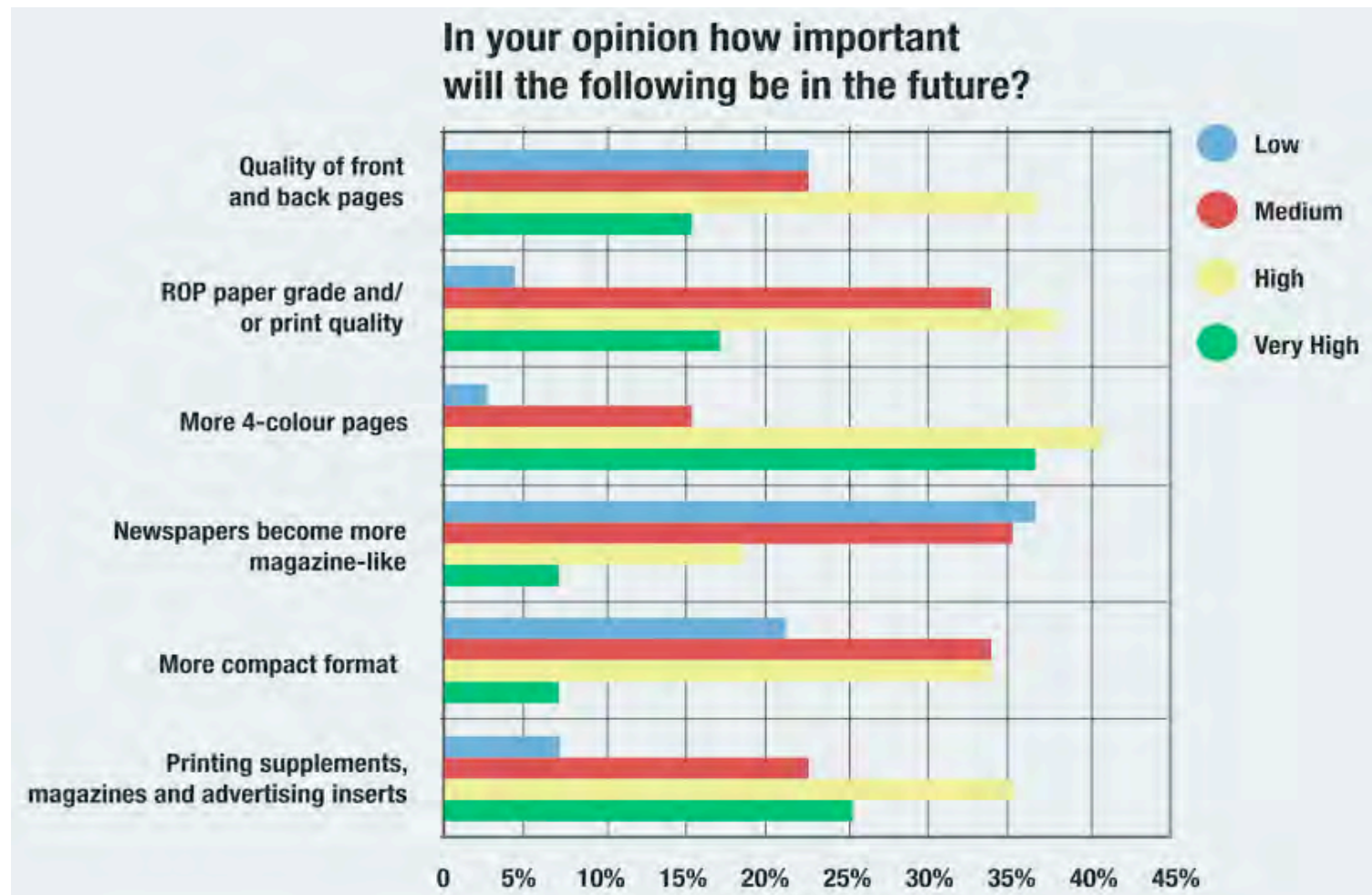
Statements of press suppliers

- Goss Estimates that less than 5% are combined heatset/coldset presses. Highest demand in Middle East and Central Europe.
- KBA About one-third in the case of single-width presses and 10-15% of double-width presses.
- MAN Orders mainly received from Western Europe and the Middle East. Eastern Europe and the USA are following. Since 1988 144 newspaper presses with heatset dryers have been sold
- Wifag 20% of current projects demand the possibility to retrofit for Semi-Commercial production.

Expectations with regard to Semi-Commercial products

- Advertisers are looking for targeted micro-zone distribution
- The ability to produce magazine-like supplements and covers using heatset printing
- The ability to print on specialty papers for producing new products or to showcase certain pages in the main newspaper
- Newspaper publishers should also adopt new approaches in the field of advertising
- No or less smearing of the printed products

Expectations with regard to Semi-Commercial products

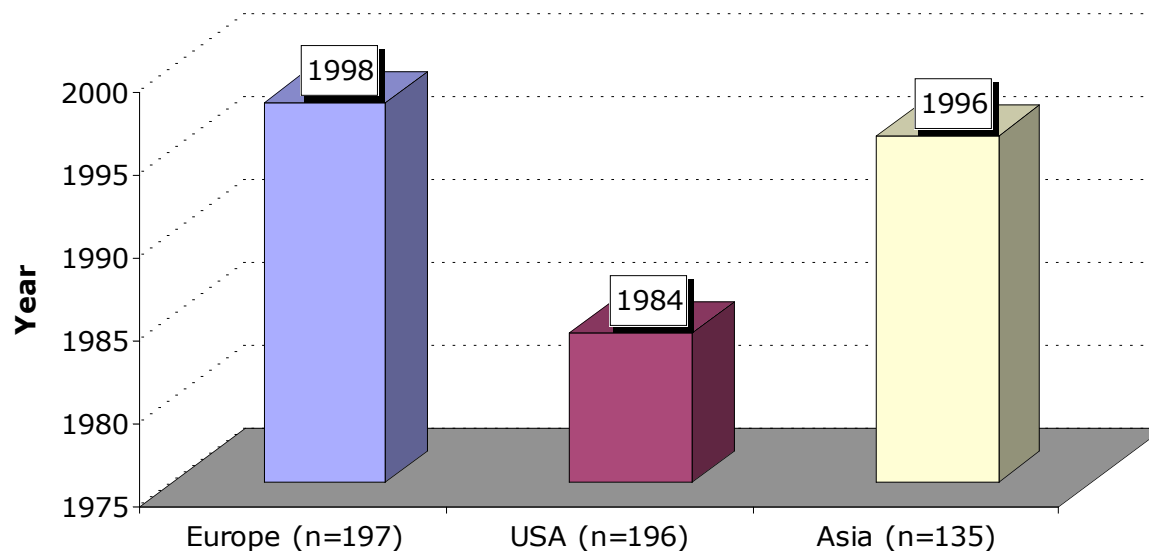


Source: PrintCity – Value Added Printing of Newspapers

Future prospects for Semi-Commercial printing

- Because of the average age of printing presses in the USA there is a large potential that new installations will be able to print Semi-Commercial products

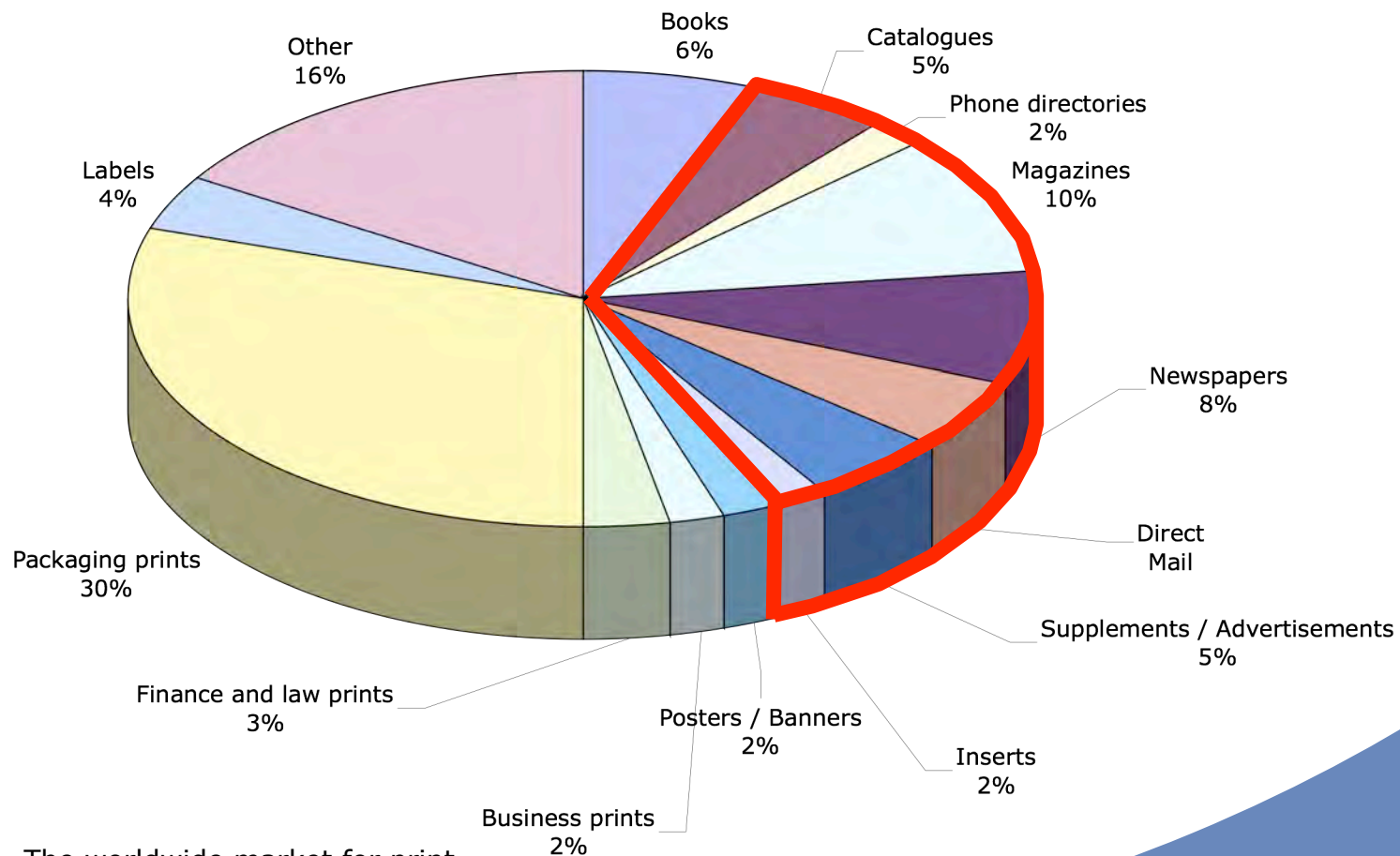
Average press installation year in Europe, USA and Asia (n=528)



Source: Ifra Newspaper Information Database (NID)

Future prospects for Semi-Commercial printing

- Worldwide print market, total volume 601 Billion US\$



Future prospects for Semi-Commercial printing

- More presses that combine heatset /coldset capabilities
- Growing interest in UV curing in addition to heatset
- More efforts in heatset printing of advertising products to bring back business from other media

Thank you for your attention!



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